

# *Governor's FY 2012 Budget: Articles*



Staff Presentation to the House  
Finance Committee

March 24, 2011

# *Introduction*

- Four Articles today
  - ◆ Article 6 – Beach Parking Fees
  - ◆ Article 20 – Fees
  - ◆ Article 24 – Taxation
  - ◆ Article 35 – Registration of Vehicles

## *Article 6 – Beach Parking Fees*

- Increase beach parking fees
  - ◆ Through administrative rules
  - ◆ Notice given already to make deadline
- Maintain reimbursement levels
- Lowers reimbursement to host communities from 27% to 16%
- Capture additional \$1.9 million for general revenues in FY 2012

## *Article 6 – Beach Parking Fees*

Season Pass	Current	Proposed
Resident	\$30	\$60
Senior Resident	\$15	\$30
Non-Resident	\$60	\$120
Senior Non-Resident	\$30	\$60

## *Article 6 – Beach Parking Fees*

Weekday	Current	Proposed
Resident	\$6	\$10
Senior Resident	\$3	\$5
Non-Resident	\$12	\$20
Senior Non-Resident	\$6	\$10

## *Article 6 – Beach Parking Fees*

Weekend	Current	Proposed
Resident	\$7	\$15
Senior Resident	\$3.50	\$7
Non-Resident	\$14	\$25
Senior Non-Resident	\$7	\$12

## *Article 20 – Fees*

- Section 1 – Dept. of Business Regulation
- Section 2 – Commercial Driver's License
- Section 3 – Fire Inspection Fees

## *Article 20 – Dept. of Business Regulation Fees*

- Increases security sales representative license fee
  - ◆ From \$60 to \$75
  - ◆ Affects approximately 79,000 sales representatives
- Increase revenues by \$1.2M in FY 2012
- Effective July 1, 2011



## *Article 20 – Dept. of Business Regulation Fees*

- Increases federal covered advisor license fee
  - ◆ From \$250 to \$300
  - ◆ Affects 820 advisors
- Increase revenues by \$41,000 in FY 2012
- Effective July 1, 2011

## *Article 20 – Commercial Drivers License Fees*

- Allows CCRI to establish a fee of up to \$100 to administer a skill test exam for CDL
- Fee covers CCRI's administrative costs of conducting the exam
- Current Fee is \$50; generates \$78K and program costs are \$52K above that
- Does not have a budgetary impact

## *Article 20 – Fire Inspection Fees*

- Increases fire inspection fees
  - ◆ From \$100 to \$125
  - ◆ Estimate of 1,600 annual inspections
- Increase revenues by \$40,000 in FY 2012
- Effective July 1, 2011

## *Article 24 – Fees and Revenues*

- Section 1 – Lottery Set-Off
- Section 2 – Motion Picture Tax Credit
- Section 3 – Estate Filing Fee
- Section 4 – Letters of Good Standing
- Section 6 – Lists of Tax Delinquents
- Section 7 – Returned Checks Fee
- Section 8 – Driving Record Abstracts
- Section 9 – Tax Refund Offset

## *Article 24 – Lottery Set-Off*

- Allows for garnishing of lottery winnings over \$600 when unpaid state taxes
- Two other set-offs
  - ◆ Child support
  - ◆ Benefit overpayments
- Taxes owed to administrator would be 3<sup>rd</sup> priority
- Budget assumes \$141,457 in revenues

## *Article 24 – Motion Picture Tax Credit*

- Disallows tax credit for Motion Picture Tax Credit program effective July 1, 2011 unless initial certification had already been granted
- Provides a 25.0% credit for state certified production costs
- Directly attributable to motion picture activities in RI
- Minimum production budget of \$0.3 million

## *Article 24 – Motion Picture Tax Credit*

- 2008 Assembly capped credits at \$15.0 million per tax year

<b>FY</b>	<b>Credits Taken</b>
2006	\$1.4 million
2007	\$5.8 million
2008	\$22.9 million
2009	\$11.2 million
2010	\$11.0 million

- Budget assumes revenues of \$1.6 million<sub>15</sub>

## *Article 24 – Estate Filing Fee*

- Increases fee from \$25 to \$50
- Instituted in 1993
- FY 2012 budget assumes \$108,915
- In FY 2010, 4,387 estates were filed
- Connecticut's fee is based on the value of estate, \$25 – \$12,500
- Massachusetts – No fee



## *Article 24 – Letters of Good Standing*

- Increases fee to obtain a letter of good standing from Taxation from \$25 to \$50
- FY 2012 assumes increased revenues of \$122,925; 4,917 requests in FY 2010
- Massachusetts charges \$12 plus \$3 to expedite
- Connecticut charges \$134 - \$45; priority or regular

## *Article 24 – Tax Delinquents*

- Allows Taxation to list top 100 individuals and 100 businesses
- Delinquent in paying taxes in excess of 90 days
- Taxation currently posts a list of the top 100 tax delinquents
- Budget assumes revenues of \$1.8 million

## *Article 24 – Returned Checks Fee*

- Authorizes DMV to assess a fee up to \$50 on returned checks
- DMV incurs \$3.71 in various fees whenever a check is returned
- Budget includes \$18,720 in revenues, which assumes a fee of \$25

## *Article 24 – Driving Record Abstracts*

- Requires insurance companies to use driving record abstracts
- At least every three years for rating and underwriting policies
- Current options: credit reports or record abstract, 2003 Assembly

## *Article 24 – Driving Record Abstracts*

- Budget assumes \$3.0 million in revenues; brings back to FY 2004 level of \$7.8 million when it was required
- \$17.50, including \$1.50 technology surcharge
- Additional convenience fee if obtained online

## *Article 24 – Collections of Debts*

- Allows Taxation to contract with state agencies and municipalities to collect debts owed on their behalf
- Can charge a reasonable fee for service
- Was intended to allow Taxation to offset tax refunds for outstanding debts
- Department of Corrections - case study
  - ◆ \$0.2 million in Governor's FY 2012 budget
  - ◆ \$3.8 million in total outstanding debts

## *Article 35 – Registration of Vehicles*

- Section 1 – Special Use Identification Tags
- Section 2 – Plate Reissuance

## *Article 35 – Registration of Vehicles*

- Current law allows:
  - ◆ Purchase in a packet of 10 at a fee of \$200
  - ◆ Which equates to \$20 each
- Allows DMV to assess a fee up to \$25 for each temporary registration plate
- Above \$20 would be retained by a vendor for a convenience fee



## *Article 35 – Registration of Vehicles*

- Deletes requirement to reissue plate beginning on September 1, 2011 and no less than every 10 years
- Last conducted in 1996-1997, with “wave” plate design
- Cost for plate printing, notification and mailing is \$4.9 million

## *Article 35 – Vehicle Registration*

- \$1.6 million would be generated from the recapture of unregistered vehicles
- Assumes 3.0 percent of vehicles are unregistered
- Resulting in a net cost of \$3.3 million
- November Revenue Conference did not estimate any revenue from requirement
- Expense is not part of current service estimate

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